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Financial Management Handbook

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University of Tennessee-Knoxville

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UNIVERSITY HONORS PROGRAM

SENIOR PROJECT - APPROVAL

Name: Ulises Walker

College: Business Department: Finance

Faculty Mentor: J.S. Brown

PROJECT TITLE: "Financial Management Handbook"

I have reviewed this completed senior honors thesis with this student and certify that it is a project commensurate with honors level undergraduate research in this field.

Signed: J.S. Brown, Faculty Mentor

Date: 5/8/01

Comments (Optional):

Very useful and indepth project for anyone. I plan on putting the entire document on a web page.

Financial Management Handbook

UTK Honors Project

5/8/01

Ulises Walker



Financial Management Handbook

College symbolizes new freedoms and opportunities, new friends and teachers, new ideas and opinions. In reality, the possibilities appear endless, and they can be if you remember that along with independence comes added responsibility.

One of the dangers of entering college is having to take control of your own finances and managing your own money, which in many cases is quite scarce. Whether you will try to work during school or not, a basic knowledge of some important and relevant issues may help you enjoy your time in college without many of the financial worries that can affect not only your college days but also plague you for a long time afterwards.

The following pages include information on five topics:

- Checkbook Management
- Credit Cards
- Cell Phones
- Student Loans
- Budgeting

Hopefully, you will find something in this report that will aid you in making your college days as enjoyable and productive as possible.



Checkbook Management

Traditionally, a check is a negotiable instrument against funds deposited in a bank account, to pay a specified amount of money to a specific person upon demand (www.investorwords.com). A checkbook contains blank checks and allows account holders to keep track of their checking account balance. In theory, the purpose of balancing a checkbook is to find the discrepancies between your daily records or check register and the monthly bank statement. More practically, you want to keep an updated and accurate checkbook in order to avoid spending money that you do not actually have; banks charge an extra fee for overdrawn accounts.

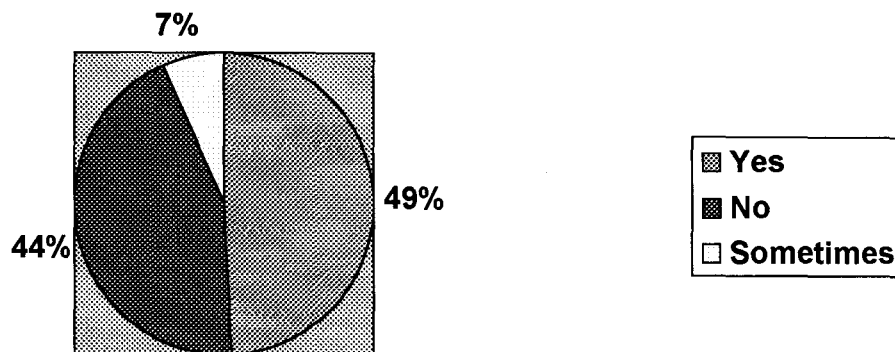
As check or debit (ATM) cards have become increasingly popular in recent years, checks have been replaced by the more convenient plastic card, but despite this technological advancement, checkbook management is no less important. In reality, it is perhaps even more important as ATM and other fees must be tracked in addition to your normal expenses and simply because most people fail to record ATM activity.

Because checks and debit cards are much safer than carrying around a large amount of cash and easier than having to go the ATM or withdrawing cash at the bank for each purchase you want to make, they are very popular and useful. However, an improperly managed checkbook can lead to trouble. Checkbook management can help you be more conscious and responsible with your money and, hopefully, help you avoid financial stress throughout your college career.

Reality

The following information comes from print and online sources and a survey of seventy-two freshman students at the University of Tennessee.

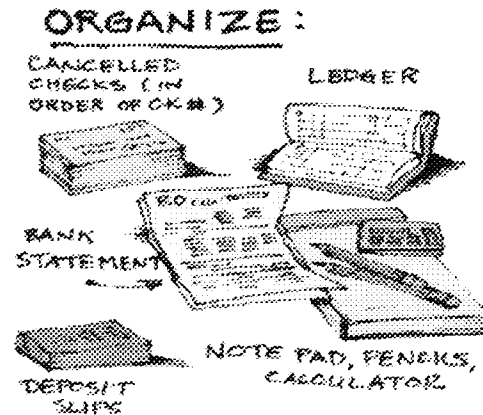
The students who responded to the survey represent a wide variety of majors and interests. 61 out of 72 students surveyed had a checkbook and had the following characteristics on whether they balanced their checkbooks:



Only 67% of the students surveyed had any training on how to manage a checkbook, and 70% of freshman students already had a checkbook before entering college. Because of this lack of training at a younger age, the issue of checkbook management is relevant to many freshman students.

The Balancing Process

www.learn2com lists five steps for the process of learning how to balance a checkbook.



1. Analyze your situation.

During this first step you need to understand the factors that make balancing a checkbook difficult. Unbalanced checking accounts are usually the result of a combination of several conditions.

- Uncleared checks: These are checks written but not yet cashed by the recipient.
- Unregistered ATM or debit card withdrawals: Although banks are very thorough with their records, the average person does not record ATM or debit card transactions.
- Uncleared Deposits: Deposits will usually clear the bank immediately, but it also takes a few days for the statement to arrive.
- Interest earned or bank fees due: These items have their own line record on the statement.
- Human error: An error in carrying a number can throw off an initial estimate by hundreds of dollars.

2. Compare your record of debits with bank records.

- Sort canceled checks on bank statement in numerical order. Then compare the canceled checks to the ones you entered in the checkbook. Make sure your entries correspond to the canceled checks. Put a check mark next to your entry in the checkbook to indicate that the check has cleared.
- Arrange ATM withdrawal receipts by date and compare to records. Include any receipts that have not been recorded.
- Look under the "checks" section on your bank statement for any additional fees that may have accrued such as returned check charges, monthly fees and ATM fees.

3. Look over Deposits and Check for Earned Interest

- Compare deposit records with those from the bank statement, making any changes necessary in the checkbook. Because deposits clear almost immediately, contact the bank about any discrepancies.

4. Work the Check Ledger

- Write down the checkbook's current balance.
- Add any uncleared checks or earned interest to checkbook's balance.
- If there are any bank charges or uncleared deposits, subtract them from the balance.
- Check for any errors and adjust the balance accordingly.
- Use a calculator or add on paper. The figures from the above steps and the balance should match the bank statement.

5. Find the Problem

- Recheck calculations.
- Make sure beginning balance is the same as last month's ending balance.

Other Helpful Tools

To make balancing a checkbook even easier, www.ssfcu.com/fyifiles/balance.htm gives a sample form for balancing a checkbook with simple, clear directions. At www.cccsintl.org/tools/balance1.htm, an interactive checkbook account balancer that is also easy to use and understand is available to anyone with Internet access.

Benefits

There are several benefits to keeping a checkbook balanced. First, a balanced checkbook can help you avoid writing NSF checks. NSF is an acronym for non-sufficient funds. NSF checks are the result of writing a check when there is not enough money to cover the amount of the check in your checking account. An NSF check is also referred to as a bounced check. Most businesses charge a twenty-dollar surcharge for returned checks, and some banking institutions charge an additional fifteen to twenty dollars for covering NSF checks.

A second benefit to maintaining an accurate checkbook is that you can sometimes discover errors by the bank that would otherwise never be found. Finally, learning how to properly manage a checkbook is the first step in personal money and financial management. You will not understand how to prepare and maintain a personal budget or investment plan until you can accurately and actively manage a checkbook and checking account.

Credit Cards

Many people get their first credit card during college. The American Institute of Certified Financial Planners finds that almost 80% of college students in 2001 have at least one credit card and that 10% of them have run up at least \$7,000 on it. Many parents and students see a credit card as an opportunity to prove that they are responsible, but in reality, many students are not prepared for the benefits and, more importantly, the dangers of credit card use. Unfortunately, misuse of credit cards can lead to a long and disastrous financial future.

This section of the report seeks inform you about the benefits and pitfalls of using a credit card. This information should aid you in understanding if you really need a credit card, and, if so, what kind of card to get. In addition, you can learn what to do and where to go if you find yourself in credit card debt.

Why College Students?

It is no secret that credit card companies target students on college campuses across the country. Often, these companies entice students with free gifts for just filling out an application; however, these companies are not simply being generous. Their generosity usually translates into new credit card customers.

There are several reasons why companies focus on college students.

1. The adult market is saturated, so the largest source of new customers is young college students.
2. The brand of credit card that a student uses during college will likely be the brand they stick with throughout their life.
3. College students are likely to have higher incomes later in life; therefore they are likely to charge more in the future.
4. According to the Digest of Education Statistics, during college 16% of students pay only their minimum balance, and 9% are late on their payments. This means students pay high amounts in interest charges.

60% OF FRESHMAN SURVEYED SAID THEY OWN A CREDIT CARD.

Background Information

According to the OSPRIG chapter of the University of Oregon, a credit card is an open-ended loan card that allows you to borrow money up to a certain credit limit and carry-over an unpaid balance, with no time limit to re-pay, as long as you make the minimum payment due, usually 2-3% of the outstanding balance, each month.

How It Works

When you get a credit card, the company will set a credit limit. The limit that is set will be the maximum amount of outstanding debt that you can have at one time. When you purchase an item, that cost will be automatically deducted from the credit limit. (At the time of purchase the credit card company will actually bill the merchant a set fee of around 2-4% of the purchase.) Assuming that your credit card is completely paid off, you will have an interest-free grace period in which to pay off any new debt. Usually this grace period will last approximately thirty days. If you already had a balance on your credit card, they wave the grace period. This means that your purchase will begin to accumulate interest from the moment that you purchase an item.

When you receive your bill in the mail you have several options. First, you can pay your minimum payment, which is usually around 2-3% of your total bill. This option is **not recommended**, because it will take you a very long time to pay off the actual purchase and all the interest. Your second option is to pay more than your minimum payment, and try to keep your interest charges down to a minimum. The third, and best option is to **pay off the entire balance**. This keeps interest down to a minimum.

Interest. The money that accumulates on top of the price of your purchase is called interest. A typical interest rate ranges from 14-18%. This is often referred to as your APR, or your annual percentage rate. This is the percentage that credit card companies will add to your bill throughout the year. However, credit card companies apply interest daily. At an 18% APR, the credit company will add 0.005% interest daily.

For example, if you purchased a \$200 C.D. player at an APR of 18%, your interest will be 1.5% per month. If you already have a balance on your credit card at the time of purchase, interest will begin to accumulate immediately. This means that if you wait for one month to pay off your balance, that C.D. player will cost you \$203. Not a bad deal. People get in trouble when they have a huge debt for example of \$4000. At 18% APR you will have to pay \$60 in interest per month. Assuming you pay \$100 a month, only \$40 dollars will go to the principal. In reality, you still owe \$3960 instead of \$3900 in there were no interest. This is how people get into a financial crisis.

Credit card interest is also **compounding**. This means that interest will build upon itself. If you fail to pay your bill on the C.D. player, the interest on the next bill will be calculated from \$203, not the initial \$200. The interest for the each successive month will be higher, effectively adding to your debt. This is more dangerous, when you have higher amounts of debt.

86% OF FRESHMAN POLLED WHO OWNED CREDIT CARDS SAID THEY DO NOT KNOW THE APR THEY ARE BEING CHARGED.

Fees. Credit card companies have three main ways to make their money.

- Billing the merchants that accept their cards
- Interest that accumulates on a person's credit card

- Additional fees that may apply

Fees vary from card to card, and many people do not fully understand which fees apply to their card. Some common fees are for applying for extra cards, for taking out a cash advance, for missing a payment, for exceeding your credit limit, and even for maintaining a zero balance. It is crucial to understand all of your credit card fees, because these fees can become very costly.

Cash Advances. Not only can you charge purchases on your credit card, but you can also take out a cash advance on your credit card. This is just like a loan that you would get at a bank, but it is accumulated to your total credit card debt. You need to know that most cards allow no grace period to pay back cash advances, and typically your interest rate will be significantly higher for cash advances than for regular purchases.

Should you get a credit card?

Before filling out an application for a credit card, you need to decide if you really need a credit card. There are several questions you need to ask yourself.

1. **Do I need it?** Credit cards can be very useful in emergency situations. If you travel long distances often, a credit card will be useful to pay for towing and mechanic fees. Also credit cards can help you build good credit, as long as they are used responsibly. However, in the large majority of cases, one card should be more than enough.
2. **Can I afford it?** If you already having a difficult time paying your tuition and rent on time, it is likely that another monthly bill will be too much. If your finances are already tight, it is recommended that you postpone credit card ownership.
3. **Am I responsible enough to have a credit card?** Many people entering college are not responsible enough to have a credit card. It is estimated that of the 80% of college students who have a credit card, 10% of them have run up a \$7000 debt or more. With a debt that high, it is very difficult for students just to make the minimum payments.

These are serious questions that need to be addressed before applying for a credit card.

Another very important point is to **never** get a new credit card to pay off an old one. Your new card will almost certainly have a higher interest rate than what you already are paying.

If convenience is your main reason for getting a credit card, you may want to consider a debit card. As previously mentioned, a debit card acts just like a check. When you use it, money will automatically be taken out of your checking account. In the same regard, if you are at all uncertain about your ability to be responsible with a credit card, a debit card may be a good alternative.

Which credit card should you get?

Throughout your college career and beyond, you will get hundreds of solicitations for credit cards. It is vital that you know that **not all credit cards are the same**. There is a wide range of APR's, fees, grace periods, etc. It is very important to know exactly what each particular credit card has to offer before applying for it.

Many credit cards offer an introductory APR of 2-4%. This rate will only last for a few months and then the APR will resume at a much higher rate.

There is a disclosure included in every credit card offer you get. A **disclosure box** is required by law to be on every credit card application. The box will tell you the fixed annual fee, the APR, grace period, the balance calculation method, and all the other fees that are associated with that card. The disclosure box will help you get through all of the marketing hype in the information they send you.

Reading and understanding all the information in the disclosure box is absolutely necessary before applying for the credit card. The main thing you want to look at when you are comparing credit cards are the APR and the various types of fees. You are going to want to find the **lowest APR possible**, and have a **minimal amount of fees**.

Tips on credit card use.

1. If at all possible pay entire balance off monthly. This will keep your interest cost to a minimum.
2. Never use a credit card for a cash advance. If you need a loan try to get one at a bank or consider asking your parents.
3. If you have cash, use it. There is no need to pay unnecessary interest.
4. Always leave room on your credit card for emergency situations.
5. Whatever you do at least make the minimum payment. Failure to make the minimum payment will show up on your credit report and could haunt you for years to come.

What should I do if I find myself in trouble?

As long as credit cards exist there will be those who find themselves in excessive debt.

The first thing you need to do when you find yourself in trouble is fairly obvious. **Do not** charge anything else.

Next, create a budget. Figure out how much money you need to set aside to pay your credit card bills. You may have to temporarily increase your hours at work to give you the extra money you need to pay off your debt. Make sure that you focus your money on paying off the bills with the highest interest rates. Pay as much as possible.

If you discover that there is no way that you will be able to meet the minimum payment, you are going to need to seek help from an **outside source**. First try your parents. They may be willing to give you that extra financial boost to save you. If your parents are unable or unwilling to give you help, there are several nonprofit organizations that are there to assist you.

Debt Counselors of America will aid you in creating a personalized budget. They will also work with the credit card companies on your behalf; they may also be able to lower your interest rate or eliminate it altogether while you are in your financial crisis. Their only requirement is that you cut up all of your credit cards. Their phone number is 1-800-680-3328, or you can visit their website at www.dca.org.

Perhaps the worst part of credit card trouble is bad credit.

Credit Cards and Credit Reports

Credit bureaus compile credit information on people and form a report. When you go to get a loan, the lender will call one of these credit bureaus and pay to see your report. Items such as any loans outstanding, the timeliness of your payments and the number of lines of open credit will almost always appear on a report of your credit history.

If you have a history of good credit, **future loans will be at a much lower rate**. When you make large purchases such as vehicles and houses, any small change in interest rates can lead to a huge change in total payment.

Getting Good Credit. Credit cards are a great way to build good credit. However, just having a credit card is not going to help you build the credit you want. There are several things you need to do to establish good credit through credit cards.

1. **Keep your card active.** You are not establishing credit just by having a credit card. You need to use the card regularly to begin establishing credit. All you really need to do is charge just **one cheap item a month** and pay it off that same month. Your credit report does not indicate the amount of money you spend each month.
2. **Always pay your credit card bill on time.** If you do not pay your bill on time, not only will you not build good credit, but you will begin to build **bad** credit also.
3. **Increase your credit limit.** Even if you do not need or want a higher credit limit, a loan officer will look favorably upon higher credit limits.

Costs of Bad Credit. Credit cards are a great way to build good credit, but they can also easily lead to very bad credit. If you are late on credit card payments, it will signal a red flag to the loan officer; the loan officer will consider you a higher risk. A higher risk applicant will receive higher interest rates or may not receive a loan at all.

Not only will a bad credit history hurt your chances on receiving loans, but it will also be detrimental to you in many other areas. According to **debtwizards.com**, bad credit can hurt you in many ways:

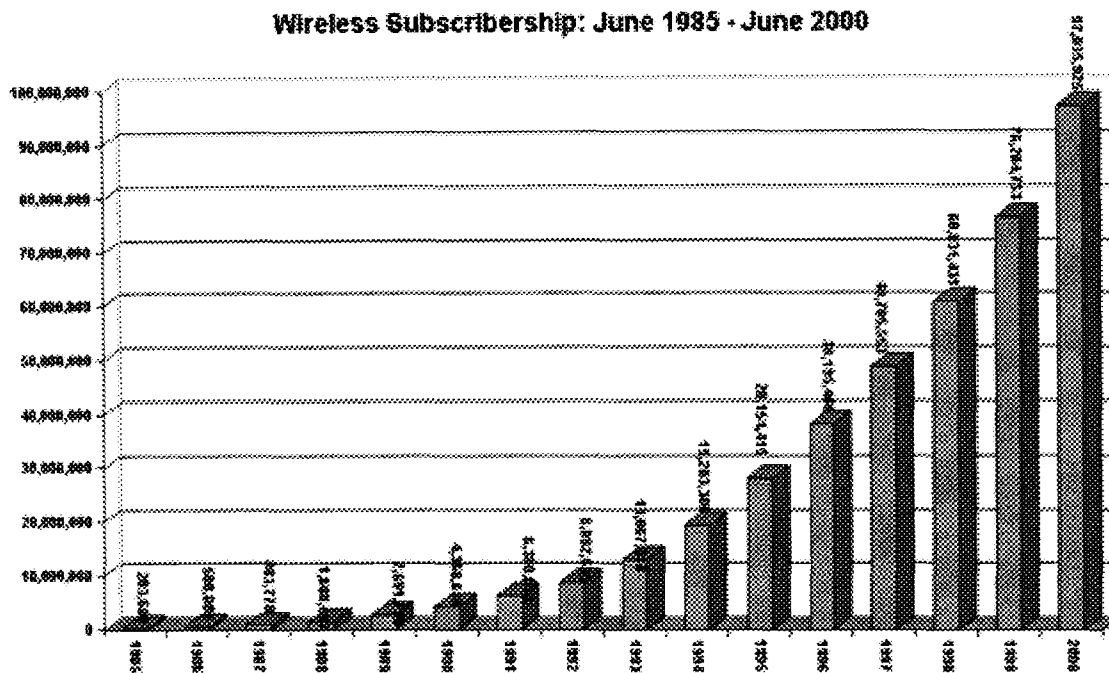
- You can't open a checking account.
- You can't get another credit card.
- You can't move into an apartment.
- You can't buy furniture, computers, or anything on credit.
- You can't get a mortgage.
- You will pay as much as double the interest on car loans, and excess dealer fees.
- You won't get a job in some cases, employers run credit checks.
- You may not be able to rent a car.

It is clear that the proper use of credit cards can help your financial future immensely. Conversely, a bad credit report reflects poorly on your level of responsibility and maturity and will haunt you for a very long time.

A credit card can and should be a very useful and beneficial financial tool. It can get you out of a jam in an emergency and help you build a good credit report. However, a credit card can also place you in serious financial trouble quickly. Despite the many benefits of good credit, if you doubt your ability to use a credit card wisely, remember that the best way to stay out of financial trouble is to stay away from credit cards.

Cellular Phones

As of June 2000, the number of Americans that have joined the rapidly growing wireless telecommunications generation reached 97 million (wow-com.com). Wireless phones are now a part of the daily lives of people all over the planet. Increasingly, cell phones are being used not only for emergency and business purposes but also for personal and leisure calling.



Source: WOW-COM. "CTIA's Semi-annual Wireless Survey: Wireless Subscribership." 2000.

The cell phone is of particular importance to incoming college freshman for various reasons. One such reason is that many students move away from home to attend school, and cellular phone plans can be bought that make calling home cheap and easy. In addition, cell phones are perceived to provide a measure of safety and peace of mind to parents whose children are venturing into a new and sometimes intimidating environment. Yet another reason and perhaps the most responsible for the increase in cell phones among college students is the intense marketing effort on the part of wireless providers, like credit card companies, that is targeted at first-year students at colleges and universities.

75.4% OF FRESHMAN POLLED SAID THEY OWNED A CELL PHONE.

A Wireless Welcome. As the school years begins every fall at the University of Tennessee, new students are greeted not only by the imposing structure known as Neyland Stadium or the endless quest for a parking spot but also by the giant, inflated versions of the wireless phones that conveniently fit into your hand or purse. In front of each of these immense rubber phones is a table full of information on the array of phones and service plans that are being offered specifically for you and your needs. Representatives from every local cellular service company are available to discuss their plans and if you wish, to begin a service contract.

Each year the number of wireless companies in this area has grown as well as the variety of plans and options they offer. Fierce competition in the wireless industry in recent years has driven prices down more than thirty percent in major cities like Knoxville, according to Point.com.

Despite the benefits of becoming a cell phone user, the fact remains that cell phones cost money and can become a financial burden if not used wisely and responsibly. This section of the report discusses many of the important issues regarding cell phones, from the initial purchase to maximizing the benefits and avoiding the pitfalls of a wireless world.

Assess Your Needs

The first decision to be made is simply whether or not you **want or need** a cell phone. Determine if adding another expense to your budget is even possible and if the phone will actually be used or just sit in your dorm room. If the answer is yes, a number of issues arise:

- Choosing a phone
- Choosing a service plan
- Choosing calling and phone options

Choosing a Phone

Cell phones operate on one of three systems.

Analog phones. The first cell phones were analog. They are the cheapest alternative and have the most comprehensive domestic coverage, reaching 95% of the country. Unfortunately, they do provide the poorest sound quality and the highest rates per minute of the three. If you travel, analog is your best bet.

Digital phones. Digital offers better signals and lower rates, but coverage is still lacking and can cut off, especially in rural and smaller cities. Wireless companies only recently

began to install digital equipment, but it will not be long before the entire country will have access to digital calling.

PCS phones. Personal Communications Service is practically the equivalent of digital. Nevertheless, some companies choose to make a distinction and provide PCS phones instead of digital ones (soyouwanna.com).

Additional Features

These features allow you to customize the phone to your specifications.

Dual mode phones. These phones utilize digital service until you go out of range, and then they switch to analog automatically (wirelessconsumers.com).

Weight, size, color and battery life. These considerations are purely subject to personal preference. However, the smaller, lighter phones tend to be more expensive. Some phones can remain on longer and provide more talk time without recharging than others.

Choosing a Service Plan

Picking a plan requires knowing how much you will use the phone. Determining your actual needs is very important because exceeding your allotted minutes will result in added fees. Soyouwanna.com provides some basic guidelines to consider:

- You not only have to count the minutes for the calls you have made, you are also charged minutes for all of the calls you receive. Any time you cause a signal to be used, you pay for it.
- Most calls are rounded up to the highest minute. So a 15-second call will cost you 1 minute. Now, a lot of phones have a feature that displays how many minutes you've used. Do not be fooled. This option calculates your total time by seconds, not minutes. Whatever the display reads, your actual use is much higher.
- If you get a busy signal or no answer, you will still get charged.

63.5% OF FRESHMAN POLLED SAID THEY HAD PAID FOR ADDITIONAL MINUTES AT LEAST ONCE.

The basic theme is that in choosing a plan, it is best to overestimate your package minutes. Another helpful tip is that after making a monthly estimate, add still another fifty minutes to your total to be safe.

Prepaid accounts. Prepaying for your minutes allows you the flexibility to use a fixed number of minutes at your convenience. There is no monthly cut-off.

Block minutes plans. These accounts are the most common. You pay a fixed fee for a certain amount of minutes per month, and the same rate applies even if you use less than the specified minutes. In addition, the minutes must be used in the current month. However, some companies are now offering a rollover feature, which allows you to accumulate the unused minutes in previous months and apply them to the current month. In the event that you exceed your allotted minutes, a fee of 25-50 cents per minute is added to your bill (soyouwanna.com).

These accounts often involve long-term contracts. Contracts longer than one year are **not recommended** regardless of the plan features. Such a lengthy commitment would keep you from taking advantage of future promotions and continually falling prices.

Where and When You Will Call

If your parents live across the country and you will be calling them often, you will probably be best served by a plan that offers cheap or free long distance rates. Many providers offer plans that include all 50 states as your local calling area. If you have no need for long distance service, you can save money on a more restricted plan with a smaller calling area.

One big concern when choosing a calling area is whether or not **roaming charges** apply if you make a call from outside your local area or Home Service Area (soyouwanna.com). The charges are per minute and tend to be high, but more and more plans are waiving such penalties.

The **time of day** and **day of the week** you plan to use your phone is important as well. Some plans offer separate night and weekend (off-peak) minutes in addition to the peak or daytime minutes. Although it has become less common, some providers offer free nights and weekends. Off-peak minutes generally mean 8:00 p.m. to 6:00 a.m. from Monday to Thursday and from 8:00 p.m. Friday to 6:00 a.m. the next Monday.

Finally, determine how much you willing and able to pay for your cellular service.

Pick Your Plan

Once you have a clear idea of what you want out of your cellular service plan, you must then find the **provider and plan that best suits your needs and your budget**. Point.com allows you to compare distinct service plans on their website using their “side-by-side” tool. This tool displays all the relevant details for up to five plans on one screen.

Local providers. Here is a list of phone numbers for the larger service providers in the Knoxville area.

- SunCom (AT&T) 1-877-568-8255
- Sprint PCS 1-800-480-4727
- Verizon Wireless 1-888-466-4646
- U.S. Cellular 1-888-289-8722
- Cricket 1-866-CRICKET

You can call to get plan information or the address of the nearest location. It is advisable to visit or call a few of these providers to obtain the current plan details, many of which frequently change due to intense competition and price cutting.

Choosing Calling and Phone Options

Point.com lists the features most commonly included in service plans.

- **Caller ID:** A call-screening feature on some phones that displays the phone number and/or the name of a caller.
- **Call forwarding:** A network feature that lets you forward incoming calls to another phone number.
- **Call waiting:** This feature uses a tone to indicate that another call is coming in; the second call can be answered without disconnecting the first.
- **Basic 911:** A toll-free number for reporting emergencies.
- **Voice mail:** An automated service that answers phone calls and records incoming messages.
- **Number storage:** Lets you input and store frequently called numbers.

These are the most popular features because they are generally added at little or no extra cost. There are also more sophisticated features like text messaging, roadside assistance, three-way calling, fax capabilities, e-mail, directory assistance, conference calling and paging services that can be included for an additional charge.

Avoid the Pitfalls

44.2% OF FRESHMAN POLLED SAID THEY HAVE HAD UNEXPECTED CHARGES ON THEIR CELL PHONE BILL.

Due to the intense competition among carriers for new customers, special promotions and deals abound. Naturally you should be aware of these and take advantage when you can, but, as always, remember that **you may not be getting the whole story**. It is smart to take the actual advertisement to the local office and verify the deal and any ambiguities. Ask them to describe the plan and any charges that may apply.

According to Decide.com, a consumer-oriented website, the following are possible pitfalls of wireless service and what you should know:

- **Free phone** - If a promotional offer contains a free phone, find out the minimum time of the service commitment. Don't sign up for a service that requests a commitment longer than one year unless you think the benefits are significant.
- **Free minutes** - If a promotion contains free minutes, find out the particulars. Do these bonus minutes ever expire? Do they accrue to the following month if unused? Are they peak period or off-peak minutes? Can you use the minutes while roaming? Are the minutes for incoming as well as outgoing calls?
- **Coverage area** - Find out whether the service provider's coverage area is sufficient for your needs. Does their network cover all the potential areas where you may travel? If not, where do they have roaming agreements and how much will it cost? If you need coverage everywhere, find out whether you are purchasing a dual-mode phone.
- **Cost** - If a particular promotion requires you to sign up on a specific rate plan that exceeds your budget, inquire if a less expensive alternative exists. Be sure to ask if there are any extra or hidden fees.
- **Long distance** - If you intend to make long distance calls, find out what the rate is in the local calling area as well as the rate when you roam outside the local calling area. Inquire whether the service provider offers a flat rate or free long distance option.
- **Activation fee** - Many providers do not have activation fees. If you are switching your service to another service provider, ask if the new provider will waive any startup or activation fee.

Perhaps the greatest danger of cell phone use is the various charges that customers are often unaware of until they appear on a monthly bill. Roaming fees and additional minute fees are the most common, but 911-service fees and service activation fees may also apply. As has been mentioned, stay away from lengthy service commitments and contracts. These plans are very restrictive, and the contract period is often extended without notice if you change your rate plan (www.wirelessconsumers.org). Currently, there are many plans like **Cricket** that do not require a contract and can be renewed on a monthly basis.

A helpful list of definitions follows.

Glossary of Important Terms

Cell phone customers are often confused by many of the terms that appear on monthly bills and service contracts. Again, Point.com is a great resource; they have a glossary of important terms.

Service Plan Terms

- **Airtime charge:** Airtime is the time spent talking on a wireless network. The customer is billed whether the calls are outgoing or (with some exceptions) incoming, including 800 numbers.
- **Home Area:** The geographic area in which you are charged the lowest rates for your wireless calls.
- **Extended home area:** The area adjacent to your home area where your wireless carrier may choose to charge you home area rates.
- **Included minutes:** The amount of time each month you can use your wireless phone without paying a per-minute charge (other charges may still apply, including taxes and a landline fee the local phone company charges to complete your calls).
- **Monthly access fee:** The basic monthly fee (typically \$10 or more) for maintaining an account with your wireless provider.
- **Roaming fee:** Using your wireless phone outside of the home service area defined by your service provider. The home area can be quite large or relatively small. Higher per-minute rates are usually charged for roaming, plus (sometimes) a daily access fee.

Billing Terms

- **Balance forward:** Summary of current charges, by type of charge may include monthly service charges, airtime charges, long-distance charges, roaming charges, miscellaneous charges and credits, and taxes.
- **Home airtime charges:** Lists total peak and off-peak minutes you've used above the amount of minutes included in your plan. Peak minutes often cost much more than off-peak minutes.
- **Late payment charge:** A penalty, if applicable, for late payment of a previous bill.
- **Long-distance charges:** Long-distance calls billed to your wireless phone number by a carrier other than your wireless carrier. This category should list the numbers you called, their duration, and the airtime charge and long-distance charge for each call.

- **Monthly service charges:** The charge for your basic monthly access plus charges for any special calling features you have requested.

A Final Thought

As with any technology, a basic understanding of the product and how to use it is crucial. In this case, you must be aware of all the details of your service plan, both the disclosed charges and those undisclosed, in order to maximize the benefits of your wireless phone and to stay out of financial trouble as you begin your college career. Before you make any commitment, go through these steps:

- Assess your needs and make a budgeted allowance.
- Shop around for the best deals.
- Understand all plan and billing details.
- Again, make sure it fits your budget.

Cell phones can make life easier and more convenient if used properly and wisely. As violence and crime have become a reality on many college campuses, they can also provide an added measure of safety and security for new students. Competition in the wireless markets has made owning a cell phone relatively inexpensive and fashionable. But despite the benefits, always consider all the issues and decide if a wireless phone is right for you.

Student Loans

In order to pay the cost of education, many people depend on student loans. There are different types of loans that students can choose. However, it is important to be aware of the terms of the agreement on the loan before accepting.

The purpose of student loans is to provide money to cover the cost of college for individuals who do not have the funds readily available to them. Student loans usually have low interest rates, and require no credit checks or collateral. They also can offer several different options and repayment terms.

34% OF FRESHMAN POLLED SAID THEY USE STUDENT LOANS

How To Apply For Student Loans

In order to receive a student loan you will have to go through some type of application process. In order to receive a federal loan, you will have to fill out the **Free Application for Federal Student Aid (FAFSA)**. When you mail in this form, you will receive information telling you of the federal aid for which you are eligible. If you are not eligible for any federal assistance, then you will receive a letter explaining why you are not. Then you can begin looking for other options. You can research lenders via the Internet or you can go to the universities financial aid office to ask questions. Once you find an appropriate lender, you should contact the lender by phone or e-mail to inquire about their application process.

Choosing A Lender. A lender is an institution or agency that allows you to borrow the money to fund your education, as long as you meet their requirements and sign an agreement. Although interest rates are set by law, your lender may sometimes offer discounts in order to attract your business.

At UT, the **Financial Aid Office** in the Student Services Building can assist you with any questions regarding student loans.

Types of Federal Student Loans

The first type of federal loan is called the Stafford loan. There are two variations of this loan:

- **The Federal Family Education Loan Program (FFELP)** – offers funds that are provided by private lenders, like banks and credit unions. The federal government guarantees these loans against default.

- **Federal Direct Student Loan programs (FDSLPL)** – offer loans that are provided by your school if it is a “Direct Lending School.” The U.S. government provides these funds directly to students and their parents through their school.

All **Stafford** Loans are classified as either subsidized or unsubsidized. A **subsidized** loan is one in which the government pays the interest while the student is in school. If a loan is **unsubsidized**, the borrower pays all the interest even though the payments can be deferred until after the student’s graduation. Only students that meet a certain degree of financial need, set by the government, will be granted a loan with subsidized status. With the Stafford loan, a student can borrow \$2,625 their freshman year, \$3,500 their sophomore year, and \$5,500 in each year remaining. Graduate students can borrow up to \$18,500 per year (only \$8,500 can be subsidized).

Another type of federal loan is the **Perkins** Loan. This loan is granted to students that demonstrate exceptional financial need. In this program the school acts as the lender, using a restricted pool of funds made available by the federal government. All Perkins Loans are subsidized. The government pays the interest on the loan while the student is in school and also over a nine-month grace period upon graduation. Perkins Loans limit borrowing to \$3,000 per year for undergraduate students and \$5,000 per year for graduate students. In addition, there are cumulative limits of \$15,000 for undergraduate loans, and \$30,000 for undergraduate and graduate loans combined. In order to receive the Perkins loan (or any federal assistance), you must fill out the FAFAS as stated above. This form can be obtained from the financial aid office.

One other type of federal loan is the **PLUS** Loan. PLUS stand for Parent Loans for Undergraduate Students. The PLUS loan allows the parents to borrow up to the total cost of education (per child) less any financial aid awarded to the student. The parent assumes complete financial responsibility of the loan. The funds for the PLUS loan are provided by either a private lender, such as a bank (FFELP), or directly from the federal government.

Other Types of Loans. There is a multitude of different student loans from which to choose. You can only obtain the Subsidized Stafford and Perkins loans, by demonstrating financial need. Therefore, a student who does not demonstrate such need must find other types of educational loans. Some students choose **Privately Sponsored or Insured Loans** (like the ExtraCredit Loans, ExtraTime Loans, and Signature Loans) to pay for their college education. These loans offer varying interest rates, a 15-year repayment period, and usually require the borrower to have some established credit and/or a co-borrower. Other loans that a student can choose from are Nursing Student Loans, Health Profession Student Loans, Auxiliary Loans to Assist Students, Loans for Disadvantaged Students, and many more.

In order to find the loan that best fits your needs, you should do **research at a university financial aid office or on the Internet.**

Terms Associated with Student Loans

In order to help you develop a better understanding of student loans, below is a list of a few commonly used terms:

- **Accrued Interest** – Amount of interest that accumulates on the unpaid principal balance of the loan.
- **Cap** – Upper limit set on an interest rate.
- **Capitalization of Interest** – Addition of unpaid interest to the principal balance of the loan.
- **Cosigner (Co-applicant or Co-borrower)** – A second creditworthy party who is required to sign a promissory note for a loan with a borrower who has no collateral or credit history.
- **Default** – Failure to repay your student loan, which may result in serious long-term consequences.
- **Delinquency** – Failure to make payments on time.
- **Disbursement** – Payout of loan funds by the lender.
- **Forbearance** – Temporary adjustment to repayment schedule for cases of financial hardship.
- **Free Application For Federal Student Aid (FAFSA)** – application that one must complete to qualify for a government-guaranteed student loan.
- **Grace Period** – Set time during which the borrower doesn't need to make payments of principal or interest on certain loans.
- **Interest** – Fee charged for borrowing money that the lender calculates as a percentage of the principal loan amount.
- **Principal** – Amount borrowed or remaining unpaid.
- **Promissory Note** – Legally binding contract between the borrower and the lender that includes the terms and conditions under which the borrower promises repay the loan.

Costs of Borrowing

As the cost of college tuition continues to rise, so do the number of individuals who are borrowing money to fund their education. It is true that most things in life are not free, and the same goes for student loans. Most people are well aware of interest charges, but some have no idea of the other charges they might incur.

Loan Fees. One fee that you might encounter when borrowing money is the **Loan Origination Fee**. This fee covers the cost of processing the application and preparing the loan disbursement. The maximum fee, as stated by law, is three percent of the face value amount being disbursed. Another fee that one might be charged is the **Default Insurance Fee**, which offsets the costs of collecting delinquent loans. This fee cannot exceed 1 percent of the amount being disbursed. These fees and any others will be deducted from the proceeds of the loan at disbursement.

Interest. Interest is going to be the **greatest cost** that you will incur from student loans. Interest rates vary depending on the loan. For example, the Stafford Loan has a variable interest rate that is based on 91-day T-bill rate plus 2.3%. The Plus Loan is also based on 91-day T-bill, but adds an additional 3.1%. To find out the interest rates on a particular loan, you should call your financial aid office. Though most loans have a variable interest rates that are constantly changing, certain loans have a cap rate. The Stafford Loan is capped at 8.25%, the Perkins Loan at 5%, and the PLUS Loan at 9%. The interest rate on these loans cannot exceed the cap rate.

Capitalization. If someone chooses to capitalize their interest payments, the payments will be delayed until one begins the loan repayment process. The interest will be added to the principal amount, and then the new principal (with the interest included) will draw interest; this will cause the loan repayment period to be longer. Some lenders offer a one-time capitalization, which will allow you to save money because the interest will not be drawing interest.

Repayment

The repayment period on student loans can vary anywhere from 10 to 30 years, depending on the loan and/or the repayment option you chooses. There are a few different repayment plans from which to choose:

- **Standard Plan** – Offers fixed monthly payments (stay the same over the period of the loan). This way you will always know how much to pay each month.
- **Graduated Plan** – Offers lower payments at the beginning. These payments will gradually become larger over time. This makes it easier to make payments in the first few years after school and may extend the repayment period for up to 30 years.
- **Income-Sensitive Plan** – Offers varying payment amounts that will fluctuate up and down depending on your annual salary and percentage of gross monthly income. This plan may also extend the repayment period for up to 30 years. This option is not available on PLUS loans.

Some of you might run into a few problems when it comes time to repay your student loans. If this happens, you need to go to your lender and discuss your options. The following terms are possible options, and one of them might be right for you and your loan.

Consolidation. Many of the people who have student loans choose to consolidate their loans. Consolidation is when you take all of your loans and combine them into one new loan with one monthly payment. This makes the repayment process easier and can even lower the monthly payment of the loans and allows you to deal with only one lender. However, the downfall is that consolidated loan interest rate may be higher than the rate on educational loans, which can result in longer repayment time. Most educational loans can be consolidated, but some lenders require a specified minimum amount of loans to be consolidated. There are no origination fees, service charges or prepayment penalties associated with the consolidation process.

Deferment. If you are having problems making your monthly loan payment, then you may qualify for deferment (only on certain types of loans). This will suspend your loan, for a specified period, at its principal amount plus the accruing interest, which will continue regardless of the deferment. You can qualify for deferment if you are:

- Attending school at least part-time, studying an approved graduate fellowship, or rehabilitation program for the disabled.
- Actively looking employment, but cannot find a job (for up to 3 years).

- Suffering from economic hardships (as defined by federal regulations) for up 3 years.

Forbearance. If you are temporarily unable to meet the agreement of your repayment, your lender may allow you to postpone or reduce your payments for a period of time. Interest will still accrue during the period of forbearance, for which you will remain responsible to repay. This option is somewhat similar to the deferment.

Forgiveness. This means that your loan may be forgiven if you suffer permanent disability or death. Neither you nor your beneficiaries will be required to pay back to amount of the loan. The forbearance option is even granted on PLUS loan if the student dies (which will completely relieve the parents of the student loan debt).

To determine your eligibility for the previous options, you should contact the holder of your loans. If you begin to have any problem making payments, it is imperative that you **contact your lender immediately** to work out a solution to the problem. Your loan can be placed in default status if you do not to make the scheduled repayments or fail to honor any other of the terms of your loan agreement. This will have a very bad impact on your credit report because the loan holder can file a claim with the government, and a series of serious consequences can follow. You might be turned into a collection agency or be ineligible for future educational aid (as well as the above options). Defaulting is very serious, and the damage it does to your credit can affect your future plans, such as buying a car, house or anything that requires credit checks.

Advice on Borrowing

In order to not fall into the pit of overwhelming debt, here are some helpful hits to remember:

- **Don't Borrow Too Much** – You can often opt for a lower disbursement amount, which will save you on interest payments in the future.
- **Read Your Agreement Before Signing** – This will help you to understand the details of the loan and what is expected from you.
- **Research Lenders** – This will allow you to compare lender discounts and to find a lender that can meet your needs.
- **Research Loans** – The best way to determine which loan you qualify for is to learn about the features of each loan, and then you will know which one is right for you.

Repayment Schedule

This repayment schedule on the following page offers an example of how your payments might look based on the your principal amount borrowed. Other factors that will cause your payments to vary from the above stated amount is loan type, term (years of repayment), interest rate, repayment plan, etc. You should receive a similar repayment schedule from the holder of your loan when you begin the repayment period on your loans.

Sample Repayment Schedule				
10 years @ 8.25 % Interest Rate				
Amount Borrowed	120 Monthly Payments	Total Amount Paid	Total Interest Paid	Suggested Income Level*
\$5,500	\$67.46	\$8,094.90	\$2,594.90	\$10,119
10,000	122.65	14,718.32	4,718.32	18398
15,000	183.98	22,077.47	7,077.47	27597
20,000	245.31	29,436.63	9,436.63	36796
25,000	306.63	36,795.79	11,795.79	45995
30,000	367.96	44,154.95	14,154.95	55194
35,000	429.28	51,514.10	16,514.10	64393
40,000	490.61	58,873.26	18,873.26	73592
45,000	551.94	66,232.42	21,232.42	82791
50,000	613.26	73,591.58	23,591.58	91989
55,000	674.59	80,950.73	25,950.73	101188
60,000	735.92	88,309.89	28,309.89	110387
65,000	797.24	95,669.05	30,669.05	119586
70,000	858.57	103,028.21	33,028.21	128785
75,000	919.89	110,387.36	35,387.36	137984
80,000	981.22	117,746.52	37,746.52	147183
85,000	1,042.55	125,105.68	40,105.68	156382
90,000	1,103.87	132,464.84	42,464.84	165581
95,000	1,165.20	139,823.99	44,823.99	174780
100,000	1,226.53	147,183.15	47,183.15	183979
105,000	1,287.85	154,542.31	49,542.31	193178
110,000	1,349.18	161,901.47	51,901.47	202377
115,000	1,410.51	169,260.62	54,260.62	211576
120,000	1,470.83	176,619.78	56,619.78	220775
125,000	1,533.16	183,978.94	58,978.94	229974
130,000	1,594.48	191,338.10	61,338.10	239173
135,000	1,655.81	198,697.25	63,697.25	248372
138,500	1,698.74	203,848.66	65,348.66	254811

*Suggested income level assumes that you are providing 8% of your income toward repayment of your student loans.

The Bottom Line

Call your financial aid office if you have any questions about educational loans. They will inform you of the steps you should take to apply for student loans and can also lead you to possible lenders.

There are lots of factors that accompany each type of student loans. With this knowledge you can determine whether or not you could use a student loan and, very importantly, if you understand the future effects of a student loan, because it is a debt that you may carry with you for many years.

Budgeting and Financial Planning

College is the perfect arena for learning the money management skills necessary to prepare for life beyond the college campus. Most young people too often focus on the immediate future, not bothering with long-term issues or goals. Learning solid fiscal habits at a young age is a sign of responsibility and will certainly be rewarded later in life. Though usually overlooked, setting up a personal budget is the first step to any money management activity; without it, you cannot control your finances well and will find it harder to meet your goals.

The purpose of this section of the report is to inform you of the benefits of learning the basic financial skills that will enable you to plan for a more comfortable future.

12% OF FRESHMAN POLLED SAID THEY USE A BUDGET AND 18% HAVE SOME KIND OF INVESTMENT PLAN.

Benefits of a Budget

A budget is the most fundamental and effective financial tool available to anyone. So what benefits, specifically, can you expect if you set up a budget? Naturally, the answer to this question will be different for everyone. But here are some of the most common benefits that people see when they start a budget.

- **Being informed:** Personal budgeting allows you to know exactly how much money you have, even down to the penny. A budget also shows you how your funds are allocated, how they are working for you, what your plans are for them, and how far along you are toward reaching your goals. Knowing about your money is the first step to controlling it.
- **Staying in control:** A budget is the key to enabling you to take charge of your finances. With a budget, you have the tools to decide exactly what is going to happen to your money – and when. You can be in control of your money, instead of having your money limit what you can do.
- **Maintaining organization:** Even in its simplest form, a budget organizes funds into categories of expenditures and savings. Beyond that, however, budgets can provide further organization by automatically providing records of all your monetary transactions. They can also provide the foundation for a simple filing system to organize bills, receipts, and financial statements.
- **Improving communication:** If you receive money from parents, plan on getting married or share money with anyone, having a budget is a key to resolving personal differences about money handling. The budget is a communicating tool to discuss the priorities for where your money should be spent.

- **Creating opportunities:** Knowing the exact state of your personal monetary affairs and being in control of them allows you to take advantage of opportunities that you might otherwise miss.
- **Counting surplus dollars:** This might be the best benefit. A budget will almost certainly produce extra money for you to do with as you wish. Hidden fees and lost interest paid to outsiders can be eliminated forever. Unnecessary expenditures, once identified, can be stripped out. Savings, even small ones, can be accumulated and made to work for you.

Budgeting Myths

Many people never even consider starting a budget because they are afraid they will have to “give up” something. To some, a budget is like a diet that may force them to forgo a favorite treat. But “diet” is clearly the wrong metaphor.

Myth #1 is that you have to suffer to use a budget. An accurate analogy is a cluttered hall closet. Imagine taking everything out of the closet and laying it all on the floor where you can see and study it. Then, give the closet a thorough cleaning, add new shelves, and put everything back in an organized, neat manner. The result – more storage room than when you started without getting rid of anything. The bonus is that while you were studying the contents of the closet, you decide you can do without many of the old and unused things. If you get rid of some items, you have even more room in the closet. A budget works the same way. The very act of organizing your finances can provide extra money. During the organization process, you might discover expenses you can eliminate, or some smarter ways of handling payments.

Myth #2 is that you have to be in severe debt to budget. Another popular misconception is that budgets are only for people who are in real financial trouble – individuals who are severely in debt or currently living way beyond their means. The discussion above proves everyone can benefit from budgeting.

Myth #3 is that you have to spend extra time doing paperwork. Setting up the initial budget system is the only real work involved. After that, the system runs by itself with little input.

The following is a chronology of ideas in creating a simple college student budget.

- Choose a budget system.
- Identify your income sources.
- List fixed and flexible expenses.
- Review and modify your plan.
- Stick with the plan.

Remember that spending is **discretionary**, and we alone must take responsibility for our choices.

Sample Budget Worksheet

A budget does not need to be a complex process. By listing your income and expenses in an organized fashion, you can visualize where your money is going and how to maximize its use. Another option is to purchase automated budgeting software that allows you to simply enter the amounts for the month in each category; the program will calculate everything else.

This example can be found at www.emich.edu/public/coe/nice/budget.html.

A BUDGET FOR COLLEGE SPENDING	
INCOME	
Money from home	\$ _____
Money from savings	\$ _____
Part time work	\$ _____
Scholarship, grant or student loan	\$ _____
Other	\$ _____
TOTAL INCOME	\$ _____
EXPENSES	
FIXED EXPENSES	
College room and board or rent	\$ _____
Car payment and insurance	\$ _____
Credit card payment	\$ _____
Health Insurance	\$ _____
Emergency fund	\$ _____
Savings	\$ _____
Other	\$ _____
TOTAL FIXED EXPENSES	\$ _____
FLEXIBLE EXPENSES	
Tuition	\$ _____
Books	\$ _____
Meals and snacks	\$ _____
Telephone bill utilities	\$ _____
Social and recreation	\$ _____
Transportation	\$ _____
Personal	\$ _____
Clothing allowance	\$ _____
Health Care	\$ _____
Other	\$ _____
TOTAL FLEXIBLE	\$ _____
TOTAL FIXED AND	
VARIABLE EXPENSES	\$ _____
TOTAL INCOME	\$ _____
Minus TOTAL EXPENSES	\$ _____
BALANCE	\$ _____

The Time Value of Money

The best lesson you can learn at this point is the power of compound interest. Give yourself the gift of starting off right and planning for your financial future early. Starting today is better than starting tomorrow. Starting this week is better than starting next week. Finally, this year is so much better than next year.

To illustrate the power of compound interest, let us compare two hypothetical savers – one who will start the process early and the other who waits awhile.

- The first person begins saving at age 21. She invests \$100 every month for only ten years, and stops the process on her 31st birthday. At that point, her total investment is \$12,000, and she lets it sit, earning interest, until retirement at age 65.
- The second person waits until age 35 to begin saving for retirement. She also puts away \$100 every month, but continues to do so up until age 65. So her total investment is \$36,000. Like the first person, she never touches a penny of the investment until her retirement.

So who ends up with more money? Intuition might say that the second person, which invested more, would end up ahead. But the earlier investor has **time and compound interest on her side**. Assuming an annual return of 8%, compounding monthly, the first investor would end up with \$300,053, while the second would only have \$150,030. In other words, the first person would invest \$24,000 less than the second, but would end up with \$150,023 more!

With a carefully constructed budget, you will have an excellent understanding of your monthly income and expenditures. That knowledge will translate directly into how much you can afford for your retirement savings. Meet with a financial or investment analyst and begin your investment program. Make the savings a permanent part of your budget. Years from now, you will be glad you did.

Investing For Retirement

Experts agree that we need 80% of our pre-retirement income to live comfortably in our retirement years. This requires more planning than most of us realize. Although many of you are not yet in a position to save for retirement, these issues are something to think about. Good retirement planning requires only a few basic steps that, if followed, will put you on the road to financial success.

- The first step is to **start now**. In order to take full advantage of the time value of money, we must begin as soon as possible.
- The second step is getting your financial house in order by **beginning a budget and acquiring good fiscal habits**.

- The third step is starting a **safety fund**. This account should have about six months salary in case you lose your job for any reason.
- The fourth step is an **intermediate fund**. In this account you can save for larger assets or expenses (i.e. a down payment on a house, unexpected medical bills, etc.).
- The fifth step is to **invest your savings dollars in long-term growth investments**. Mutual funds are a great investment vehicle because they require little monitoring and you can choose your level of risk and in what economic sector you wish to invest (tech, health, banking, etc.). There are many funds that have averaged a yearly return of 20% for more than ten years.

If you choose to go a step further, there is a world of diverse investment opportunities. These investments include individual stocks, municipal bonds, treasury bills and money market securities. Using any of these types of investments requires that you fully understand the risk versus reward characteristics. Additionally, when you leave school and enter your career, you should take advantage of company benefit packages. These packages include not only health insurance but also investment opportunities like a 401-K and stock options. These packages are set up as part of your salary and it would be silly not to take full advantage of them.

In Conclusion

As your college career begins, it will become more and more evident that money is a powerful tool. A basic knowledge of the issues discussed above will help you enjoy your days in college even if your budget is limited. Because it goes without saying that there is already enough to think about in college without adding financial worries to the mix.

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Appendix A: Raw Survey Data

N = 70. Percentages rounded

Financial Management Survey

1. Do you have a checkbook?

61 (87%) YES

9 (13%) NO

2. At what age did you get a checkbook?

5 (8%) Age 15

17 (28%) Age 16

16 (26%) Age 17

22 (36%) Age 18

1 (2%) Age 19

3. Did you ever have any training on how to manage your checkbook?

41 (67%) YES

20 (33%) NO

4. Have you ever bounced a check?

21 (34%) YES

40 (66%) NO

5. Do you reconcile your checkbook monthly with your bank statement?

30 (49%) YES

27 (44%) NO

4 (7%) SOMETIMES

6. Do you have a credit card?

42 (60%) YES

28 (40%) NO

7. How many credit cards do you have?

30 (71%) Have 1 Credit Card

7 (17%) Have 2 Credit Cards

5 (12%) Have More Than 2 Credit Cards

8. Do you pay the entire balance on your credit card bill each month?

56 (80%) YES

14 (20%) NO

9. Do you know the APR on your credit cards?

6 (14%) YES

36 (86%) NO

10. Have you ever missed a credit card payment?

2 (5%) YES

40 (95%) NO

11. Do you have any student loans?

24 (34%) YES

46 (66%) NO

12. Are your loans subsidized or unsubsidized?

10 (42%) Subsidized

1 (4%) Unsubsidized

2 (8%) Both Subsidized and Unsubsidized

11 (16%) Don't Know

13. Do you know the maximum percentage rate you can be charged on your loans?

1 (4%) YES

23 (96%) NO

14. Do you have a cell phone?

52 (75%) YES

17 (25%) NO

15. Who is your cell phone plan with?

14 (27%) Verizon Wireless

8 (15%) Sprint PCS

8 (15%) BellSouth

6 (12%) SunCom

5 (10%) U.S. Cellular

9 (19%) Other

16. Have you ever had to pay for additional minutes?

33 (63%) YES

18 (36%) NO

1 (2%) Don't Know

17. Have you ever had unexpected charges on your cell phone bill? (Roaming charges)

23 (44%) YES

29 (56%) NO

18. Do you follow a budget?

9 (12%) YES

61 (88%) NO

19. Do you have any investments? (Mutual fund, IRA)

13 (18%) YES

57 (82 %) NO